

84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 2158

CONTINUANCE OF LIFE INSURANCE OF DISABLED EMPLOYEES

MAY 14, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. RHODES of Pennsylvania, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany S. 3237]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 3237) to provide for continuance of life insurance coverage under the Federal Employees' Group Life Insurance Act of 1954, as amended, in the case of employees receiving benefits under the Federal Employees' Compensation Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

This legislation removes an inequity in the Federal Employees' Group Life Insurance Act of 1954, as amended. The bill amends subsection (c) of section 6 of the act to provide for continuance of life insurance coverage provided by the act in the case of any employee who is receiving disability benefits under the Federal Employees' Compensation Act until the employee is held by the Department of Labor to be able to return to active duty. The substantive provisions of subsections (a) and (b) of such section are unchanged.

Under present law an employee who is disabled and is receiving disability compensation under the Federal Employees' Compensation Act technically is not an employee and, therefore, is not receiving salary payments. The Federal Employees' Group Life Insurance Act of 1954 contains a provision that the insurance of any employee under this Act shall cease "12 months after discontinuance of his salary payments." This gives rise to an inequity in the case of any employee who is removed from the payroll because of disability and placed on the disability roll of the Bureau of Employees' Compensation.

2 CONTINUANCE OF LIFE INSURANCE OF DISABLED EMPLOYEES

tion for longer than 12 months. Such an employee is without insurance protection under the Group Life Insurance Act after the 12-month period.

The amendment made by the bill corrects this inequity by providing that the Group Life Insurance Act insurance of any employee receiving disability benefits under the Federal Employees' Compensation Act shall be continued in effect so long as such employee is held by the Department of Labor to be unable to return to duty. The amendment is made effective as of August 29, 1954, the effective date of the Group Life Insurance Act, to reinstate retroactively the rights under that act of a small number of employees to whom such rights have been denied under present law.

The favorable reports of the United States Civil Service Commission and the Bureau of the Budget with respect to H. R. 9905, 84th Congress, an identical bill, follow:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington 25, D. C., March 28, 1956.

Hon. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Room 213, Old House Office Building.*

DEAR MR. MURRAY: I am referring further to your letter of March 15, 1956, relative to H. R. 9905, a bill to provide for continuance of life insurance coverage under the Federal Employees' Group Life Insurance Act of 1954, as amended, in the case of employees receiving benefits under the Federal Employee's Compensation Act.

This bill is an exact duplicate of S. 3237, which was passed by the Senate on March 19, 1956 and is now before your committee for action.

By the terms of the Insurance Act, an employee's insurance ceases: (1) Upon his separation from service; or (2) 12 months after discontinuance of salary payments, whichever first occurs. Exception is made whereby insurance may continue beyond the cited termination date if the employee retires on annuity under certain conditions, but this exception does not operate as regards an individual granted benefits under the Employees' Compensation Act.

Such loss of insurance when occasioned by the employee's drawing compensation due to service-connected disease or injury is an area probably warranting a correcting amendment. It does not seem reasonable that an employee should be deprived of his insurance as the result of a disabling accident on the job through no fault of his own. We have recognized this as a problem ever since a thorough study revealed that the present Insurance Act offers no solution for the employee whose leave without pay continues beyond a year as a result of a disease or injury caused directly by his employment.

While loss of group insurance coverage in many compensation cases is avoided by timely claiming and qualifying for disability annuity under the Retirement Act, we regard this as only a minimizing measure rather than a satisfactory solution to the main problem. The answer, of course, can be provided only by legislation. H. R. 9905, if enacted, by would have the effect of continuing insurance coverage in these compensation cases so long as the individuals receive compensation and are held by the Labor Department to be unable to return to duty, even though they may actually be separated from service or be on leave without pay for more than 1 year. The bill by its terms would

CONTINUANCE OF LIFE INSURANCE OF DISABLED EMPLOYEES 3

operate retroactively to the effective date of the Insurance Act, thereby benefiting the described cases where the insurance was lost at any time after such effective date.

The Commission's experience with the insurance program indicates that its financial structure, based on existing contribution rates, would not be adversely affected by extending insurance in the limited number of cases involved in this proposal. The fact of disease or injury occurring as an incident of service should not deprive an employee of insurance which, but for such occurrence, would continue with him for the protection of his family.

The Commission accordingly recommends that H. R. 9905 be enacted into law.

In connection with S. 3237, the Bureau of the Budget advised there would be no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

PHILIP YOUNG, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., March 21, 1956.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, 213-215 Old House Office Building,
Washington 25, D. C.*

MY DEAR MR. CHAIRMAN: Reference is made to your letter of March 15, 1956, requesting the views of the Bureau of the Budget with respect to H. R. 9905, a bill to provide for continuance of life insurance coverage under the Federal Employees' Group Life Insurance Act of 1954, as amended, in the case of employees receiving benefits under the Federal Employees' Compensation Act.

The bill would amend the Insurance Act of 1954 to provide continued insurance protection, beyond the 12-month limitation now fixed by the act, for employees who are receiving benefits under the Federal Employees' Compensation Act for disease or injury. Insurance coverage would continue so long as the employee is held by the Department of Labor to be unable to return to duty. The bill would operate retroactively to the effective date of the Insurance Act, thereby reinstating insured coverage for several Employees' Compensation Act cases where insurance protection ceased because the employees had been on the Employees' Compensation Act rolls for longer than 12 months at the time of death.

The Bureau of the Budget believes that employees who are receiving Employees' Compensation Act benefits for disability arising in the performance of duty should not be deprived of insurance protection merely because the employee's return to duty is delayed beyond 1 year.

Accordingly, the Bureau of the Budget recommends the bill to the favorable consideration of the committee.

Sincerely yours,

(Signed) PERCY RAPPAPORT,
Assistant Director.

4 CONTINUANCE OF LIFE INSURANCE OF DISABLED EMPLOYEES

CHANGES IN EXISTING LAW

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 6 OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954, AS AMENDED

SEC. 6. (a) Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission **[**, except that if**]**.

(b) *If upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and **[(a)]** (1) his retirement is for disability or **[(b)]** (2) he has completed fifteen years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required fifteen years provided the employee has completed at least five years of civilian service.*

(c) *If upon such date as the insurance would otherwise cease the employee is receiving benefits under the Federal Employees' Compensation Act because of disease or injury to himself, his life insurance may, as provided in subsection (b), be continued during the period he is in receipt of such benefits and held by the United States Department of Labor to be unable to return to duty.*

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tion for longer than 12 months. Such an employee is without insurance protection under the Group Life Insurance Act after the 12-month period.

The amendment made by the bill corrects this inequity by providing that the Group Life Insurance Act insurance of any employee receiving disability benefits under the Federal Employees' Compensation Act shall be continued in effect so long as such employee is held by the Department of Labor to be unable to return to duty. The amendment is made effective as of August 29, 1954, the effective date of the Group Life Insurance Act, to reinstate retroactively the rights under that act of a small number of employees to whom such rights have been denied under present law.

The favorable reports of the United States Civil Service Commission and the Bureau of the Budget with respect to H. R. 9905, 84th Congress, an identical bill, follow:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington 25, D. C., March 28, 1956.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Room 213, Old House Office Building.*

DEAR MR. MURRAY: I am referring further to your letter of March 15, 1956, relative to H. R. 9905, a bill to provide for continuance of life insurance coverage under the Federal Employees' Group Life Insurance Act of 1954, as amended, in the case of employees receiving benefits under the Federal Employee's Compensation Act.

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While loss of group insurance coverage in many compensation cases is avoided by timely claiming and qualifying for disability annuity under the Retirement Act, we regard this as only a minimizing measure rather than a satisfactory solution to the main problem. The answer, of course, can be provided only by legislation. H. R. 9905, if enacted, by would have the effect of continuing insurance coverage in these compensation cases so long as the individuals receive compensation and are held by the Labor Department to be unable to return to duty, even though they may actually be separated from service or be on leave without pay for more than 1 year. The bill by its terms would

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operate retroactively to the effective date of the Insurance Act, thereby benefiting the described cases where the insurance was lost at any time after such effective date.

The Commission's experience with the insurance program indicates that its financial structure, based on existing contribution rates, would not be adversely affected by extending insurance in the limited number of cases involved in this proposal. The fact of disease or injury occurring as an incident of service should not deprive an employee of insurance which, but for such occurrence, would continue with him for the protection of his family.

The Commission accordingly recommends that H. R. 9905 be enacted into law.

In connection with S. 3237, the Bureau of the Budget advised there would be no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

PHILIP YOUNG, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
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The Bureau of the Budget believes that employees who are receiving Employees' Compensation Act benefits for disability arising in the performance of duty should not be deprived of insurance protection merely because the employee's return to duty is delayed beyond 1 year.

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(b) *If upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and [(a)] (1) his retirement is for disability or [(b)] (2) he has completed fifteen years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required fifteen years provided the employee has completed at least five years of civilian service.*

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